

**MARKET VALIDATED PRICE REPORT
CARDINAL HOMES, INC. & ALOUETTE HOLDINGS, INC.
SC&H CAPITAL**

Date: February 8, 2020

The Application to Employ SC&H Capital was filed with the Court on December 27th, 2019. An amendment to that Application was filed with the Court on January 9th. A hearing was held on January 14th at which Fred Cross from SC&H testified on various subjects pertaining to the case. The order approving our retention was entered on January 29th and we immediately began our marketing process which is recapped below.

Investment Teaser/Email Blast – SC&H drafted an investment teaser for our direct mail program, which was approved by the Debtors for distribution to the market. This document was further used to serve as a basis for all print, internet advertising and email blasts, as well as a follow-up piece to go along with a confidentiality agreement for prospects included in our outreach call program.

Call, Mail, Email Blast Lists – SC&H identified the most likely prospects to consider investing in or buying the Debtors. Choosing companies based on their Standard Industrial Classification (“SIC”) code, size, or because we know they may be interested in this type of investment, we initially identified approximately 1,330 companies to mail to, 1,021 companies to email, and 67 companies to call. Knowing that we were about to be approved by the Court, SC&H Capital distributed the investment teaser on January 13th just a couple of days prior to our approval in order to get as much time to market the business as possible.

Outreach Call Program – All 67 outreach calls were completed within the first week of our retention.

Confidential Information Memorandum – SC&H put together a Confidential Information Memorandum (CIM) for the Debtors which was a compilation of all the basic company facts, figures, and pictures in an easy to understand professional CIM. This memorandum was used as a central information piece in the VDR to provide a quick overview of the opportunity.

Virtual Data Room – SC&H assembled the information provided by the Debtors into a Virtual Data Room (VDR). Access to that VDR was sent out to all prospects that expressed interest in the opportunity, after they executed a confidentiality agreement. We also created a book with the same information for those that preferred a hard copy.

Print Advertising – The print advertisement appeared in the national edition of *The Wall Street Journal* on January 22nd, 23rd, and 24th.

Online Trade Advertising – SC&H contracted an advertisement for the Debtors on *Modular Home Builder*, a blog dedicated to the modular housing industry, and the ad ran in the January 24th, 27th, and 29th editions.

In addition to *Modular Home Builder*, SC&H placed an ad in *Building Design and Construction's* eNewsletter which ran on January 23rd.

Other Online Advertising – In addition to the above described advertising, the Debtors were listed on the largest Internet listing service, *Bizbuysell.com*. Because we are members of *BrokerWorks.com*, the listing was also included on over 135 partner websites across the US, including *Bizquest.com*, *Bloomberg Businessweek*, *Bizjournals*, and *The Wall Street Journal Small Business*. The business and property were listed with several internet listing services for commercial real estate that we maintain memberships with including **Costar**, **LoopNet** and **PropertyLine**.

Press Release – SC&H drafted a press release announcing our retention which was sent to some local papers and industry trade publications on January 21st. We know that the release was picked up by the Charlotte Gazette, but we are not sure if any other publications ran a story about the opportunity.

Economic Development – During the week of January 22nd, Fred Cross from SC&H reached out to the Charlotte County Administrator, Dan Witt to introduce ourselves and to see if they had any means to help us in marketing the Debtors for a sale. Dan was very cordial, and he agreed to distribute the investment teaser to some Virginia economic development connections that he has.

Auction Reminder Notices – SC&H drafted an Auction Notice announcing the auction, the associated dates, and how prospects might participate in the Auction. These notices were distributed to all the prospects that had signed confidentiality agreements and were still considered active prospects on the distribution dates. These auction notice emails were distributed to all our active prospects on January 24th, January 31st, and February 5th. All three notices included attachments of the Form APA and the Bidding Procedures.

VDR Access – As a direct result of our marketing efforts, 40 groups executed confidentiality agreements and were provided access to SC&H's data room. Roughly half of these groups would be considered strategic buyers operating in the construction industries. The other half were more financial in nature, many of which being private equity investors some already having investments in the construction and even modular construction worlds.

Site Visits – Fred Cross from SC&H visited the Debtors' facility in Wylliesburg three times since being approved by the court on January 15th. The first visit was to see the operation and meet with Bret and the other two visits were with interested prospective bidders, **Van Metre Homes** and **Cavco/Fleetwood Homes**.

Bid Deadline – No bids were received by the 2/7 deadline.

Conclusion - As you can see, considerable time and effort went into the marketing of the Debtors. As a direct result of our marketing efforts, 40 groups executed confidentiality agreements and reviewed our virtual data room on the business. This is a strong number of interested prospects; we have learned in the past that if more than 30 groups execute CAs, we've hit the right audience, and the process should be a success. Of those 40 groups, 2 invested the time and energy to visit the Debtors' facility in Wylliesburg, Virginia with SC&H and meet with management.

We believe that anybody and everybody that could reasonably be expected to have any interest in acquiring the Debtors has been made aware of the opportunity, that the market has been aggressively tested with an extremely broad process, and that the highest and best offer has been achieved. While we had several prospects that liked the business, all of them ultimately decided that the required bid is higher than they were willing to pay for the business assets and real estate.

The **Kituwah** offer is the highest and best offer available in today's market. We are confident that we properly marketed the company and feel comfortable in saying that we turned over every stone in doing so. Should we not move towards an immediate closing, the business will continue to lose value as the company simply cannot produce the proper cash flow to continue operations on their own. In short, we believe that the **Kituwah** offer provides the best result available to the estate.

CARDINAL HOMES, INC.

Prospect List

February 7, 2020

Company:	Contact:	State:	Outreach Call:	Book/VDR Sent:
A Time To Move	Knowles, Alex	CA	2/2/2020	2/2/2020
Acorn Deck House Co	Trudeau, Tom	MA	1/17/2020	1/17/2020
Advanced Building Solutions	LaBonte, Peter	MA	2/4/2020	2/4/2020
Alumalign	Franklin, Michael	TX	1/24/2020	1/24/2020
American Industrial Acquisition Corp.	Brian Shiau	NY	1/21/2020	1/21/2020
Assurance Holdings	Taylor, Scott	VA	1/22/2020	1/22/2020
Atlantic Franchising Company, Inc.	Symanski, Robert	VA	1/20/2020	1/20/2020
Balmoral Funds LLC	Godin, Curtis	CA	1/14/2020	1/17/2020
Blue Ocean	Ehrenfeld, Jonathan	MD	1/27/2020	1/27/2020
CG Masters & Associates	Masters, Charles G	FL	1/20/2020	1/20/2020
Champion Homes	Spence, Robert	MI	1/17/2020	1/17/2020
Corridor Capital, LLC	Wright, Shaun	CA	1/14/2020	1/17/2020
Crestpoint Acquisitions, Inc	Sykes, Kevin M.	GA	1/31/2020	1/31/2020
Excelsior Capital Partners LLC	Emerson, Stephen	CO	1/30/2020	1/30/2020
Fleetwood Homes	Chrisman, Jeff	ID	1/27/2020	1/27/2020
Individual Investor	Huang, David	HK	2/6/2020	2/6/2020
Individual Investor	Marcas, Angel	MD	2/3/2020	2/3/2020
Industrial Assets	Fernandez, Christopher	FL	1/22/2020	1/22/2020
JH FL Holdings LLC	Hart, Josephine	FL	1/20/2020	1/21/2020
JSPI Capital Partners	Perlmutter, Ira J.	NJ	1/31/2020	1/31/2020
Morris Capital Management	Morris, Tim	TN	1/14/2020	1/17/2020
Patriot Real Estate Group, LLC	Diffenderfer, Bill	FL	1/16/2020	1/17/2020
Reicorp Properties	Reichek, Robert	CA	1/20/2020	1/20/2020
Schumacher Capital, LLC	Schumacher, Donald	IL	1/14/2020	1/17/2020
Shockey Industries, Inc.	Good, John	VA	1/23/2020	1/23/2020
Simplex Industries Inc	Fricchione, Patrick	PA	1/14/2020	1/17/2020
Starc Systems, Inc.	Faulkner, Carolyn	ME	1/22/2020	1/22/2020
Sutton Capital Group	Carlsen, Peter	NY	1/23/2020	1/23/2020
Ternion Group International	Hopkins, Len	TX	1/22/2020	1/22/2020
Terra Verde Partners	Arra, Philip	TX	1/14/2020	1/17/2020
The Annex Group	Bach, Kyle	IN	1/22/2020	1/22/2020
The Mod Coach	Carter, Jason	TX	1/24/2020	1/24/2020
Unibilt Industries	Barney, Greg	OH	1/18/2020	1/20/2020
US Equity LLC	Tchentsev, Vladimir	FL	1/27/2020	1/27/2020
Van Metre	Weiner, Allan	VA	1/22/2020	1/22/2020
Vista Acquisitions	de Guardiola, Eduard	GA	1/24/2020	1/24/2020
Volumetric Building Companies	Buckley, Vaughn	PA	1/27/2020	1/27/2020
Whitney. Mason & Co. LLC	Black, Ben	VA	1/20/2020	1/20/2020
Wickfield Capital	Hayosh, Bradley	MI	1/21/2020	1/21/2020
Wolfpack Ventures LLC	Bielas, Marc	CA	2/4/2020	2/4/2020